STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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November 28, 2022

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 22-05-025:

This is the proposed decision of Administrative Law Judge Rafael Lirag. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 15, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties to the proceeding may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure (Rules). Pursuant to Rule 14.6(b), all parties stipulated to reduce the 30-day public review and comment period required by Public Utilities Code Section 311 to seven days for opening comments and three days for reply comments.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE
Michelle Cooke
Acting Chief Administrative Law Judge

MLC:nd3
Attachment

Decision **PROPOSED DECISION OF ALJ LIRAG (Mailed 11/28/2022)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of its 2023 Electric Procurement Revenue Requirement Forecasts, 2023 Electric Sales Forecast, and GHG Related Forecasts.	Application 22-05-025

DECISION APPROVING SAN DIEGO GAS & ELECTRIC COMPANY'S 2023 ELECTRIC PROCUREMENT REVENUE REQUIREMENT FORECASTS, 2023 ELECTRIC SALES FORECAST, AND GREENHOUSE GAS RELATED FORECASTS

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Summary

Today's decision approves San Diego Gas & Electric Company's (SDG&E) 2023 Electric Procurement Revenue Requirement Forecasts, 2023 Electric Sales Forecast, and Greenhouse Gas (GHG) Related Forecasts for inclusion in its retail rates effective January 1, 2023.

The decision adopts SDG&E's updated 2023 revenue requirement forecast of $783.821 million which is $78.364 million less than its currently effective revenue requirement of $862.185 million.

SDG&E's 2023 Energy Resource Recovery Account (ERRA) forecast includes the revenue requirements for ERRA, the Portfolio Allocation Balancing Account, Competition Transition Charge, Local Generation, San Onofre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost, Tree Mortality Non-Bypassable Charge, and GHG allowance revenues and return allocations.

The ERRA process allows SDG&E to recover its procurement costs, including expenses for fuel and purchased power, utility retained generation, California Independent System Operator related costs, and the costs of the residual net short procurement requirements necessary to serve bundled customers.

High forecasted power costs in 2022 caused undercollections in the ERRA and some PABA subaccounts, combined with further increased costs in 2023 combined with decreased forecasted sales result in an increase in bundled customer rates. In total, the adopted revenue requirement is projected to result in an increase to the current system average bundled rate of 5.969 cents per kilowatt

hour (kWh), or 19.56 percent.[1] Based on these numbers, it is projected that a typical bundled non-California Alternate Rates for Energy (CARE) residential customer using 400 kWh per month would expect to see a monthly bill increase of 15.00 percent, or $22.58. On the other hand, a typical bundled CARE residential customer using 400 kWh per month would expect to see a monthly bill increase of approximately 15.83 percent, or $14.67.

The decision also adopts SDG&E's Electric Sales Forecast for 2023, GHG Allowance Return Rates, Power Charge Indifference Adjustment (PCIA) rates,[2] rate components for the Green Tariff Shared Renewables Program, proposed disposition of the 2020 PCIA Undercollection Balancing Account and 2020 ERRA balances, and proposed modifications to the ERRA data disclosure requirements.

The decision requires SDG&E to incorporate program budgets for the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs and address the shortfall in retained Renewable Portfolio Standard. Finally, the decision directs SDG&E to include in its next ERRA filing, a new proposal that addresses the sufficiency of time for reviewing and implementing alternative sales forecasts.

This proceeding is closed.

1. Procedural Background

On May 31, 2022, San Diego Gas & Electric Company (SDG&E) filed Application (A.) 22-05-025 for approval of its 2023 Electric Procurement Revenue

[1] Bundled commodity rates drive the bulk of SDG&E's 2023 rate increase — the system average increase for commodity rates is 37.48 percent.

[2] The decision adopts SDG&E's proposed PCIA rates except for its proposed vintage for the 2022 ERRA year-end balance.

Requirement Forecasts, 2023 Electric Sales Forecast, and Greenhouse Gas (GHG) Related Forecasts.

On June 7, 2022, SDG&E filed a motion seeking confidential treatment of specified portions of Attachment G to the application. The motion was granted by the administrative law judge (ALJ) ruling on October 5, 2022.

On July 6, 2022, Clean Energy Alliance (CEA) and San Diego Community Power (SDCP) filed a joint protest. The Public Advocates Office of the California Public Utilities Commission (Cal Advocates) also filed a protest on the same day while Direct Access Customer Coalition (DACC) filed a response to the application.

SDG&E filed a reply on July 14, 2022.

A prehearing conference was held on July 15, 2022, to gather information about the scope, schedule, and other procedural matters.

On July 25, 2022, the assigned Commissioner issued a Scoping Memorandum and Ruling (Scoping Memo) setting forth the scope and procedural schedule for the proceeding.

On August 23, 2022, a motion for party status was filed by California Community Choice Association (Cal-CCA). The motion was granted on October 5, 2022.

On September 23, 2022, a joint report was filed by all the active parties in the proceeding.

On September 27, 2022, a ruling cancelling evidentiary hearings was issued pursuant to the joint report from parties stating that hearings were no longer necessary.

On September 29, 2022, motions were filed by SDG&E to seal evidentiary record and by CEA and SDCP seeking confidential treatment of exhibits and to admit them into the evidentiary record. The two motions were granted in the ALJ ruling on October 27, 2022.

Also on September 29, 2022, a motion to enter testimony and exhibits into the evidentiary record was jointly filed by SDG&E, Cal Advocates, SDCP and CEA, DACC, and Cal-CCA. This motion was granted on October 27, 2022.

On October 3, 2022, Opening Briefs were filed by CEA and SDCP, DACC, and SDG&E. Reply Briefs were filed by CEA and SDCP, Cal Advocates, and SDG&E on October 10, 2022.

On October 12, 2022, SDG&E filed an update to the application. SDG&E also filed a motion for leave to file specified information in Attachment G of the update as confidential. The motion was granted on October 25, 2022.

Joint comments to the October 12, 2022 update were filed by SDCP and CEA on October 28, 2022. SDCP and CEA also filed a Joint Motion for Leave to File a Confidential Version of its comments. The motion was granted on November 7, 2022. SDG&E filed a reply to the joint comments on November 14, 2022.

Also on October 28, 2022, SDCP and CEA filed a Joint Motion to Move Exhibits into Evidence and to Admit Exhibits into the Record. The motion was granted on November 15, 2022.

On November 4, 2022, SDG&E submitted a Supplement to its October Update to submit certain data related to the Solar on Multifamily Affordable Housing (SOMAH) program as required by Decision (D.) 22-09-009 and D.20-04-012.

On November 8, 2022, SDG&E filed a Motion to Enter Testimony Regarding October Update into the Evidentiary Record and another Motion to Seal Evidentiary Record. Both motions were granted on November 14, 2022.

2. SDG&E's Energy Resource Recovery Account (ERRA)

SDG&E's ERRA was authorized in D.02-10-062 pursuant to Public Utilities (Pub. Util.) Code Section 454.5. The ERRA regulatory process consists of: (a) an annual forecast proceeding to adopt a forecast of the utility's electric procurement cost revenue requirement and electricity sales for the upcoming year; and (b) an annual compliance proceeding to review the utility's compliance in the preceding year regarding energy resource contract administration, least cost dispatch, fuel procurement, and the ERRA balancing account. There is also an update process for new information which is discussed in Section 3.2 of the decision.

The ERRA process allows SDG&E to recover its procurement costs, including expenses for fuel and purchased power, utility retained generation, California Independent System Operator (CAISO) related costs, and the costs of the residual net short procurement requirements necessary to serve bundled customers.

SDG&E's 2023 ERRA forecast includes the following components:

(1) ERRA revenue requirement which includes GHG costs;

(2) Portfolio Allocation Balancing Account (PABA) revenue requirement;

(3) Competition Transition Charge (CTC) revenue requirement tracked in the Transition Cost Balancing Account (TCBA);

(4) Local Generation (LG) revenue requirement tracked in the LG Balancing Account (LGBA);

(5) San Onofre Nuclear Generating Station (SONGS) Unit 1 Offsite Spent Fuel Storage Cost revenue requirement tracked in SDG&E's Nuclear Decommissioning Adjustment Mechanism account;

(6) Tree Mortality Non-Bypassable Charge (TMNBC) revenue requirement; and

(7) GHG allowance revenues and return allocations.[3]

PABA

SDG&E's PABA was authorized by D.18-10-019 to record costs and revenues associated with all generation resources that are eligible for cost recovery through Power Charge Indifference Adjustment (PCIA) rates. D.19-10-001 authorized any over/under collection in PABA subaccounts in a given year to be rolled into the next year's ERRA Forecast filing.

CTC

The CTC is from The Electric Utility Industry Restructuring Act found in Assembly Bill (AB) 1890[4] which made generation of electricity a competitive market in California. CTC is a ratemaking device to recover investments in electric generation facilities that would otherwise be stranded as excess capacity by the transition to a competitive market. The TCBA is designed to accrue all ongoing CTC revenues and recover all ongoing eligible CTC generation-related costs.

LG

SDG&E's LG was authorized in D.13-03-029 which allows it to recover new generation costs for local reliability that are deemed to be subject to the Cost Allocation Mechanism (CAM) policy adopted in D.06-07-029 and D.11-05-005. The LG is a per-kilowatt-hour non-bypassable charge to all benefiting customers including all bundled customers, Direct Access customers, and Community Choice Aggregation (CCA) customers. The LGBA is designed to record costs and

[3] Application at 1-2.

[4] AB 1890 became effective September 23, 1996.

revenues of LG where the California Public Utilities Commission (Commission) has determined that the generation resource is subject to CAM.

SONGS Unit 1 Offsite Spent Fuel Storage Costs

SDG&E is a minority owner of the SONGS Unit 1 with Southern California Edison being the majority holder. SONGS has been shut down and all three units are no longer in service. However, SDG&E has been allowed to recover Unit 1 Offsite Spent Fuel Storage costs. As directed by D.15-12-032, SDG&E is to recover these costs in its ERRA Forecast proceedings instead of its general rate case.

TMNBC

Recovery of the TMNBC was authorized in D.18-12-003. This is for recovery of net costs of tree mortality-related biomass energy procurement which is intended to address the state's tree mortality crisis.

GHG Allowance Revenues and Return Allocations

GHG allowance revenues and return allocations were authorized in D.14-10-033. Investor-owned utilities (IOU) are required by the Commission to distribute GHG allowance revenues eligible for return to customers.[5]

3. Request

SDG&E's 2023 ERRA forecast is a total revenue requirement of $537.131 million.[6] This amount is $325.054 million less than its currently effective ERRA-revenue requirement of $862.185 million. As will be discussed in Section 3.2, the above amount is subject to adjustment from the October Update which SDG&E filed on October 12, 2022.

[5] *See* D.12-12-033, Ordering Paragraph (OP) 1; D.20-10-002, OP 1; and D.21-08-026, OP 6.

[6] Application at 2.

The 2023 ERRA forecast includes the revenue requirement forecasts for ERRA, PABA, CTC, LG, SONGS Unit 1 Offsite Spent Fuel Storage Costs, the GHG allowance revenues, set-asides, and returns, clean energy programs funded through proceeds, and the sum of the 2020 LGBA. The above also includes the 2020 undercollected balance recorded to the LGBA and the projected 2022 ERRA year-end balance which SDG&E also seeks to address in this application.

SDG&E also requests approval for its proposed 2023 GHG Allowance Return rates, vintage PCIA rates, and rate components for the Green Tariff Shared Renewables (GTSR) Program. In addition, SDG&E also seeks approval of its 2023 electric sales forecast as directed by D.22-03-003. Finally, SDG&E requests to modify the data disclosure requirements in its ERRA forecast application pursuant to D.22-01-023.

<u>PCIA</u>

PCIA is a rate component intended to preserve bundled customer indifference to customers that migrate from bundled load by ensuring that departing load customers pay their share of cost responsibility associated with above-market-costs of the utilities' total procurement portfolio. The PABA records PCIA costs. In addition, the PCIA undercollection balancing account (CAPBA) tracks PCIA balances that accrued under the PCIA rate cap that the Commission established in D.18-10-019 and removed in D.21-05-030. SDG&E proposes to include remaining CAPBA balances in its vintaged 2023 PCIA rates.

<u>GTSR</u>

The Commission required SDG&E to establish the GTSR program in D.15-01-051. The program is intended to promote renewable energy by expanding access to renewable energy resources for ratepayers who are currently unable to access the benefits of onsite generation such as residential customers who cannot install solar panels. The program has two features administered by the utilities: (a) an EcoChoice Green Tariff (GT) component which allows customers to purchase energy with a greater share of renewables procured by SDG&E; and (b) an Enhanced Community Renewables (ECR) component which allows customers to purchase renewable energy from community-based projects.

Sales Forecast

D.22-03-003 directed SDG&E to file its 2023 sales forecast in this ERRA proceeding.[7] The 2023 sales forecast is based on the demand forecast that SDG&E developed for the California Energy Commission (CEC) which was adopted by the CEC on January 26, 2022.[8]

Finally, SDG&E requests to modify the data disclosure requirements in its ERRA forecast application pursuant to D.22-01-023.

3.1. Application

In its initial application, SDG&E requests approval of a total 2023 forecasted revenue requirement of $537.131 million. This amount is based on the following:

(1) ERRA revenue requirement of $433.755 million and the projected 2022 ERRA year-end balance of $(2.003) million including franchise fees and undercollections;

(2) PABA revenue requirement of $15.445 million and the projected 2022 PABA year-end balance of $73.209 million;

(3) CTC revenue requirement of $11.232 million;

(4) LG revenue requirement of $175.361 million (excludes the balance recorded to the 2020 LGBA of $0.400 million);

[7] D.22-03-003, OP 3 at 25. This is the decision to A.21-08-010, which is SDG&E's 2022 Electric Sales Forecast Application.

[8] Application at 15-16.

(5) SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement of $1.188 million;

(6) TMNBC revenue requirement as set forth in the testimony of Kristina Ghianni. The TMNBC amount was granted confidential treatment; and

(7) GHG allowance revenue return allocations:

  (a) $(171.067) million for small business and residential California Climate Credit (CCC); and

  (b) $(0.389) million for Emissions-Intensive and Trade-Exposed (EITE) Customer Return.[9]

As stated above, SDG&E's forecast is $325,054 million less than its currently effective ERRA-related revenue requirement of $862.185 million. Most of the difference is attributed to the lower ERRA forecast of $433.755 million compared to the currently effective ERRA revenue requirement of $786.860 million.[10]

3.2. October 2022 Update

The ERRA process allows SDG&E to update its application later during the year and so SDG&E filed its October Update to the application. The October Update has traditionally served to update testimony regarding the CTC Market Price Benchmark (MPB) and PCIA benchmarks. This information is provided to SDG&E by the Commission's Energy Division, which compiles and provides updated input assumptions so that the MPB can be calculated.

SDG&E also updated other information since approximately five months have passed since the filing of the May Application, and according to SDG&E, various input assumptions have changed, especially with respect to gas and electric forward prices, which have seen an increase. Based on a

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[9] Application at 2-3.

[10] *See* Application Table 1 at 4.

September 16, 2022 trade date, SDG&E is forecasting higher gas prices and higher power prices in 2023 compared to those used to develop the initial application. SDG&E also included changes to its portfolio due to the inclusion of new resources related to procurement. The updates resulted in changes to forecasted ERRA, PABA, CAPBA, PCIA, CTC, LG expenses, and GHG quantities and expenses.

The table below shows SDG&E's updated requests and the values in the original application, as well as the currently effective revenue requirements for comparison.

Table 1. 2023 ERRA Forecast Revenue Requirements (values are in $000s)

Account	**Currently Effective Revenue Requirement**	**2023 Revenue Req. Application**	**2023 Revenue Req. October Update**
ERRA	$786,860	$433,755	$545,009
2022 ERRA Balance	$0	$(2,003)	$30,773
PABA	$181,940	$15,445	$98,951
2022 PABA Balance	$(111,684)	$73,209	$89,728
CTC	$9,575	$11,232	$10,765
LG	$146,824	$175,361	$189,826
LGBA Balance 2018 2019 2020	 $(91,084) $(888) $0	 $0 $0 $400	 $0 $0 $400
SONGS Unit 1 Spent Fuel	$1,188	$1,188	$1,342
TMNBC	Confidential	Confidential	Confidential
2021 CAPBA Disposition	$(17,986)	$0	$0
2021 ERRA Trigger	$149,126	$0	$0
Subtotal	**$1,053,872**	**$708,587**	**$966,794**
GHG Allowance Returns	$(191,687)	$(171,456)	$(182,973)
Total	**$862,185**	**$537,131**	**$783,821**

The ERRA Trigger is a process which requires an electric utility to file an application whenever the outstanding balance in the ERRA Balancing Account is likely to exceed a set threshold. The purpose is to more promptly address the balance and cause in order to avoid a rate shock when ERRA rates are reviewed in the ERRA proceeding. In 2021, SDG&E met its threshold and filed A.21-05-006. Although that application is still pending as of the date of this application, the rate effects of the Trigger Application were to be included in the Update Filing of the 2022 ERRA Forecast proceeding and D.21-12-040,[11] the decision in that proceeding. In this proceeding, SDG&E seeks to address an issue concerning adjustments to the 2020 ERRA Trigger PCIA adder rates.

4. Issues Before the Commission

As set forth in the assigned Commissioner's Scoping Memo,[12] the issues in this proceeding are as follows:

1. Whether SDG&E's 2023 total forecasted revenue requirement of $537.131 million, to be effective January 1, 2023, is reasonable and should be approved;
2. Whether SDG&E's 2023 forecasted revenue requirement of $433.755 million for the ERRA and the projected 2022 ERRA year-end balance of $(2.003) million including Franchise Fees and Uncollectibles are reasonable and should be approved;
3. Whether SDG&E's 2023 forecasted revenue requirement of $15.445 million for the PABA and the projected 2022 PABA year-end balance of $73.209 million are reasonable and should be approved;

[11] D.21-12-040 at 9-10.

[12] The amounts indicated in the Scoping Memo are the initial amounts requested in the Application. As discussed in Section 3.2 of the decision, these amounts have been updated in the October Update.

4. Whether SDG&E's forecasted 2023 revenue requirement of $11.232 million for the CTC is reasonable and should be approved;
5. Whether SDG&E's forecasted 2023 revenue requirement of $175.361 million for LG is reasonable and should be approved;
6. Whether SDG&E's forecasted 2023 revenue requirement of $1.188 million for the SONGS Unit 1 Offsite Spent Fuel Storage Cost is reasonable and should be approved;
7. Whether SDG&E's forecasted 2022 and 2023 revenue requirement for the TMNBC non-bypassable charge forecast are reasonable and should be approved;
8. Whether SDG&E's forecasted 2022 GHG revenues, revenue set-asides and returns and administrative expenses, which include the following components, are reasonable and should be approved;
    a. Forecast GHG allowance revenues and costs;
    b. Forecast set asides for clean/energy efficiency programs;
    c. Forecast revenue returns to small business and EITE retail customers;
    d. GHG administration, customer education and outreach plan costs; and
    e. Forecast revenue returns to residential customers via the CCC.
9. Whether SDG&E's proposed vintage PCIA in rates is reasonable and should be approved;
10. Whether SDG&E's proposal to adjust the 2020 PABA Undercollection Balancing Account trigger PCIA adder rates and the 2020 ERRA Trigger PCIA adder rates is reasonable and should be approved;
11. Whether SDG&E's proposed 2023 rate components for the GTSR Program are reasonable and should be approved;

12. Whether the undercollected 2020 LGBA recorded balance of $(0.400) million is reasonable and should be approved for recovery;
13. Whether SDG&E's 2023 Electric Sales Forecast is reasonable, in compliance with D.22-03-003, and should be approved;
14. Whether SDG&E's proposed modifications to the data disclosure requirements in the ERRA proceedings are reasonable and should be approved; and
15. Any other issues related to or affecting the requests in this Application that may arise during the course of the proceeding.

5. Comments from Intervenors

5.1. DACC

DACC believes that SDG&E erred regarding the vintaging of contracts entered into pursuant to the GTSR Program. Particularly, DACC states that the Wister and Midway contracts should be assigned a 2023 vintage. DACC also argues that the Wister and Midway contracts are contracts to specifically service the GTSR program.

5.2. Cal Advocates

Cal Advocates opposes SDG&E's proposal for interested parties to provide their own sales forecasts prior to SDG&E filing its combined ERRA and sales forecast application. Cal Advocates argues that not all parties have year-round access to the same data as SDG&E to produce their own sales forecast. The proposal also creates an additional milestone instead of addressing the concerns about delays in implementation of alternative proposals. Other parties are also not required to present their own sales forecast proposals but merely comment on SDG&E's proposal.

5.3. SDCP and CEA

SDCP and CEA state that the Commission should recognize their accounting framework for implementing Modified Cost Allocation Mechanism (ModCAM) procurement costs.

SDCP filed its Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) implementation advice letter prior to the conclusion of this proceeding and states that consistent with past Commission decisions, SDG&E should set aside funds and incorporate SDCP's proposed DAC-GT and CSGT program budgets in this ERRA proceeding.

SDCP and CEA oppose SDG&E's proposal for interested parties to submit alternative system net sales forecasts before SDG&E files its ERRA proceeding. They argue that stakeholders generally lack the data and resources to develop an alternative sales forecast outside the proceeding.

SDCP and CEA also state that the Commission should defer on approving SDG&E's proposal to transfer any residual CAPBA balance by the end of 2023 into the PABA until the balance is understood with more certainty in next year's ERRA forecast application.

Finally, SDCP and CEA make four recommendations regarding SDG&E's October Update. These are: (a) meet any shortfall in retained Renewable Portfolio Standard (RPS) relative to its 2023 RPS target with banked Renewable Energy Credits (REC); (b) assign the entire 2022 ERRA undercollection to customer vintage 2022; (c) assign all REC allocation revenues from ModCAM resources to customer vintage 2019; and (d) correct any errors in the REC sales value SDG&E is attributing to the 2012 customer vintage.

SDCP and CEA also note that several errors in the PCIA calculations that they identified were corrected by SDG&E in its October Update.

6. Discussion

6.1. ERRA and 2022 Balance

SDG&E's updated forecast for its 2023 ERRA revenue requirement is $545.009 million. By comparison, its current ERRA revenue requirement is $786.860 million. SDG&E also projects a $30.773 million undercollection for the 2022 year-end balance of the ERRA balancing account. The ERRA provides full recovery of SDG&E's procurement costs associated with serving its bundled customers. These include expenses associated with CAISO such as energy and ancillary services load charges, CAISO revenues from utility generation and supply contracts, contract costs, generation fuel costs, and hedging costs.[13]

The 2023 ERRA forecast is based on SDG&E's sales forecast and the projected amount of energy that SDG&E's bundled load customers will require in 2023. SDG&E explains its forecast methodology in Exhibit SDG&E-02C. SDG&E then calculates the amount of energy it can generate and then determines the various energy contracts it must enter into to meet its energy requirements.

SDG&E's initial forecast for ERRA was $433.755 million. This forecast was prepared earlier during the year and was adjusted to $545.009 million in the October Update because of higher-than-expected energy costs. The higher cost of energy is impacted by global market pressures such as the reduction of available power supplies compared to last year and higher gas prices.

Parties do not oppose SDG&E's ERRA forecast component and we find that the evidence presented supports the forecast. We therefore find that SDG&E's 2023 forecast should be authorized.

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[13] Exhibit SDG&E-03 at KG-2.

SDG&E also projects to incur an undercollection of $30.773 million to the 2022 year-end balance of the ERRA balancing account. This is due to higher than forecast energy costs in 2022 compared to what was authorized in D.21-12-040.

Parties also do not object to SDG&E's forecast which we find reasonable and supported by the evidence that SDG&E presented in this proceeding.

In comments to the October Update, SDCP and CEA request that SDG&E be directed to assign the entire 2022 ERRA undercollection to customer vintage 2022. SDG&E's approach is to split the ERRA year-end balance by assigning vintage 2022 to customers in January to June 2022, and vintage 2023 to customers in July to December 2022.

SDG&E argues that this approach is necessary because there was an undercollection in the ERRA balancing account during the first six months of 2022 and an overcollection during the last six months of 2022. SDG&E reasons that their method more appropriately allocates the amounts in the ERRA balancing account to the correct customers.

The rule set forth in D.22-01-023 is that utilities should transfer the year-end ERRA balance to the most-recent vintage subaccount of PABA each year.[14] SDG&E is aware that this is the general rule but argues that D.22-01-023 also states that the Commission expects the ERRA forecast proceedings to consider utility-specific or fact-specific variances from the rules set in that decision.[15]

However, we find that SDG&E did not present sufficient justification to deviate from the general rule set forth in D.22-01-023. The facts that SDG&E

[14] D.22-01-023, OP 4.

[15] *Id.* at 14.

presents is not an uncommon one and we are not convinced that this type of scenario was not contemplated in D.22-01-023 where many parties were able to provide input that contributed to the development of the general rule. We also do not want to set a precedent for variances to the general rule based solely on the given set of facts presented here. As of this time, we find it more prudent to adhere to the general rule set forth in D.22-01-023 and find that the entire 2022 ERRA year-end balance should be placed in the most recent vintage subaccount of PABA, which in this case is 2022.

6.2. PABA

SDG&E's updated forecast for PABA is $98.951 million. By comparison, its currently authorized revenue requirement for PABA is $181.940 million. SDG&E's initial forecast in its May application was $15.445 million but as discussed in the preceding section, energy costs have generally been higher than what was expected at the beginning of this year due to several factors.

SDG&E also forecasts a 2022 year-end balance of $89.728 million in the PABA. This is the projected undercollection from the authorized PABA revenue requirement for 2022.

The PABA records costs and revenues associated with all of SDG&E's generation resources that are eligible for cost recovery through PCIA rates. The PCIA charge is intended to ensure that any above-market costs of electric resources procured by SDG&E on behalf of its customers that later switch to another provider are not transferred to its remaining electric supply customers.

Costs recorded in each vintage subaccount typically include fuel, GHG costs, third party power purchase contract costs and the revenue requirement for generation assets owned by SDG&E including its generation power plants, and eligible costs recoverable through PCIA rates. Exhibit SDG&E-14C provides a breakdown of the PABA revenue requirement forecast for 2023.[16] The process of forecasting PCIA costs is provided in Exhibit SDG&E-16. Meanwhile the breakdown of costs in the PABA 2022 year-end balance is shown in Attachment C of Exhibit SDG&E-16C.

Parties generally do not oppose SDG&E's PABA forecast, PCIA forecasting costs, and the forecast for the 2022 PABA year-end balance except for issues concerning ModCAM and the vintage year of two contracts.

6.2.1. Midway Solar and Wister Solar Contracts

The Midway Solar and Wister Solar are two contracts entered into by SDG&E to supply the GTSR program with additional renewable resources. SDG&E is requesting to shift recovery of costs associated with these contracts to the PABA.

DACC filed comments stating that it does not object to the reassignment of the contracts to PABA, but objects to the proposed vintages for the contracts. SDG&E proposes to use the year in which the contracts were entered into which is 2015 for Midway Solar and 2018 for Wister Solar. DACC claims that the proper vintage is 2023 which is the earliest that the contracts can support bundled customers. DACC's argument is that bundled customers that are not members of the GTSR program should not be made to bear the costs for the two contracts.

We understand DACC's logic but in D.15-01-051, the decision authorizing the GTSR program, the Commission set forth that any overprocurement in the GTSR program be applied to the RPS program.[17] The Commission explained that the GTSR program is very small compared to the RPS and that transferring

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[16] Exhibit SDG&E-14C Table 5 at KG-11.

[17] D.15-01-051 at 49.

overprocurement to the RPS would not result in unjust or unreasonable rates for the much larger set of ratepayers from whom costs are to be recovered.[18] By analogy, the same principle suggests that recovering costs for the Midway Solar and Wister Solar contracts from all bundled customers, whether they are GTSR members or not, would not result in unjust or unreasonable rates.

The cost recovery rules for RPS include the PCIA mechanism wherein the general practice is to assign the vintage year when the contract was entered into. In addition, this was the agreement reached by the PCIA Working Group for determining PCIA vintages. Based on the foregoing, we find that DACC's request should be denied.

6.2.2. Shortfall in Retained RPS

SDCP and CEA identified a shortfall in retained RPS relative to its 2023 annual RPS compliance. They recommend directing SDG&E to cover this shortfall using banked RECs and using the 2023 Forecast RPS Adder to value those RECs. They also suggest developing a permanent framework to credit banked RECs in Rulemaking (R.) 17-06-026.

SDG&E argues that how it elects to satisfy compliance requirements is not included in the Scoping Memo and outside the scope of this proceeding.

The Scoping Memo does include issues related to or affecting the requests in this application that may arise during the course of the proceeding and we believe that this is one such case. The RPS shortfall may impact any of the balancing accounts that are part of ERRA depending on how SDG&E elects to address the potential shortfall. Thus, we find it prudent to address the one in 2023 in this proceeding. However, we find it reasonable to allow SDG&E to

[18] *Id.* at 49-50.

provide its own solution to the issue. Notwithstanding SDG&E's proposed solution, we note that the PCIA counting rules we adopted in D.19-10-001 require IOUs to value any RPS volumes that they use for their own compliance (Retained RPS) at the applicable forecast or final RPS MPB.

Regarding a long-term solution, there is insufficient evidence in this proceeding to show that this will be a recuring issue in future ERRAs. SDCP and CEA are also free to raise this issue in R.17-06-026 if they elect to do so.

6.2.3. ModCAM Accounting Framework Proposal

SDG&E filed Advice Letter (AL) 4043-E for approval of its implementation of ModCAM procurement costs. Disposition of the advice letter is still pending as of this time. SDCP and CEA request approval of the accounting framework proposed by its witness Mr. Bencomo-Jasso in Exhibit CCA-01C. Said witness provided a detailed accounting framework for implementing cost recovery of bundled customers' share of ModCAM procurement costs pursuant to D.19-11-016 and D.22-05-015.[19]

However, we find that approving the proposed accounting framework for ModCAM runs contrary to the advice letter review process. The Commission itself is reviewing the ModCAM implementation proposal which may include an accounting framework that is different from the one being proposed here. In any case, we find more prudent in this case to wait until the advice letter is approved instead of approving or disapproving proposals or modifications regarding it. We therefore deny the request by SDCP and CEA at this time without prejudice.

[19] SDCP and CEA Comments to Update at 14.

6.3. CTC Costs

SDG&E's updated forecast for CTC costs is $11.232 million compared to its initial forecast of $10.765 million and currently effective revenue requirement of $9.575 million.

As discussed in Exhibit SDG&E-02, CTC costs are based on dispatchable capacity or firm capacity contracts which include both energy and capacity payments.[20] Energy payments for contracts are derived using SDG&E's "short-run avoided cost" formula. According to SDG&E, ERRA contracts are based on delivered energy multiplied by the MPB. Any costs greater than the MPB are recorded in the TCBA.

We find SDG&E's methodology for forecasting CTC costs reasonable and it reasonably tracks above-market costs. Parties do not object to SDG&E's methodology, or its CTC forecast, and we find that the forecast amount of $11.232 million for CTC costs should be adopted. The updated forecast is higher than SDG&E's initial forecast because of higher-than-expected energy costs.

6.4. LG and LGBA Costs

SDG&E's LG updated request for LG costs is $189.826 million which is slightly higher than its initial request of $175.361 million. As explained above, actual energy costs in 2022 were higher than what was forecast at the beginning of the year largely due to the higher cost of energy in 2022 compared to the prior year. By comparison, SDG&E's current LG revenue requirement is $146.824 million.

As stated earlier in the decision, LG costs are for the recovery of net costs associated with new generation resources that provide local resource adequacy

[20] Exhibit SDG&E-02 at MO-11.

for SDG&E's system and which are deemed to be subject to the CAM policy adopted in D.06-07-029 and D.11-05-005. SDG&E has generating power plants and energy storage centers but also enters into contracts for generation resources. LG expenses and contract costs are included in Attachment A of Exhibit SDG&E-02C. Parties do not challenge or object to the requested LG costs and we find that the LG forecast is adequately supported by the evidence presented which presents a breakdown of the different costs.

In addition to the LG forecast, SDG&E also requests recovery of a $0.4 million undercollection in the 2020 LGBA year-end balance. SDG&E was authorized to include this $0.4 million 2020 LGBA undercollection in this proceeding as part of the settlement agreement approved by the Commission in D.22-05-006.[21] Parties do not object to SDG&E's request, and we find that it should be authorized. SDG&E is also including the overcollections in the 2018 and 2019 LGBA. There were also no objections to these amounts, and we find that it is properly supported by the evidence submitted by SDG&E.

6.5. SONGS Unit 1 Offsite Spent Fuel Storage Costs

SDG&E's forecast for SONGS Unit 1 Offsite Spent Fuel Storage Costs in the October Update is $1.342 million which is $0.154 million higher than both its initial forecast and currently effective revenue requirement for this cost. As explained earlier, most of the forecasts in SDG&E's application increased during the October Update generally because of higher energy costs in 2022 than what was anticipated at the beginning of the year. As explained in Exhibit SDG&E-02, spent fuel assemblies from SONGS Unit 1 have been stored since 1972 at the

[21] D.22-05-006 at 8. D.22-05-006 is the decision in Phase 1 of A.21-06-004, SDG&E's 2020 ERRA Compliance application.

General Electric-Hitachi (GE-Hitachi) spent fuel storage facility.[22] Monthly payments are made by SCE who then bills SDG&E for its 20 percent ownership of SONGS Unit 1. Costs are based on the storage contract with GE-Hitachi and have been relatively flat each year with increases due to adjustments for escalation. Other parties did not comment on or object to SDG&E's forecast. We find SDG&E's current forecast to be reasonable and supported by the evidence presented and that the forecast amount of $1.342 million should be adopted.

6.6. TMNBC Costs

The TMNBC Balancing Account records tree mortality related procurement costs. SDG&E's TMNBC costs are presented in Exhibit SDG&E-03C. These costs have been granted confidential treatment following past Commission practice. We find the forecast costs reasonable and supported by the evidence. Parties did not raise any issues with SDG&E's TMNBC forecast. Therefore, we find that SDG&E's TMNBC forecast as set forth in the testimony of witness Ghianni is reasonable and should be adopted.

Pursuant to D.18-12-003, these costs are to be recovered through the public purpose programs. This means that the revenue requirement associated with TMNBC costs are not included in the rate impacts of the ERRA process.

6.7. 2020 CAPBA Trigger and 2020 ERRA Trigger

6.7.1. 2020 CAPBA Trigger Balance

D.21-05-030 required SDG&E to dispose of any remaining CAPBA balances in 2022 PCIA rates.[23] SDG&E filed a CAPBA Trigger application (A.20-07-009) in July 2020 to reduce the rate volatility of incorporating the CAPBA balance and was directed to amortize the balance over 36 months from

[22] Exhibit SDG&E-02 at MO-18.

[23] D.21-05-030, OP 1.

2021 to 2023. However, the 2021 balance was only amortized over a 10-month period in 2021 instead of 12 months and so there remains 14 months of amortization beginning in 2023. SDG&E proposes to amortize the remaining 14-month 2020 CAPBA Trigger balance over the 12 months in 2023.

We find the above proposal reasonable. The amortization in 2021 was implemented in March of that year and so the amortization period in 2021 was only for 10 months instead of 12 months. We find it more appropriate to address the 2020 CAPBA balance by the end of 2023 rather than to extend the period by two or more months into 2024.

For 2022, SDG&E explains that it overlooked adding the 2020 CAPBA Trigger PCIA rates for its 2022 bundled sales forecast in the November Update of its 2022 ERRA Forecast proceeding as it was required to do in that proceeding. The result of not adjusting the PCIA adder rates in 2022 is shown in Exhibit SDG&E-01[24] and we see that it resulted in an overcollection in certain PCIA vintages and an undercollection in others.

SDG&E proposes to address these 2022 over and under-collections in the 12 months of 2023. The resulting bill impacts from this is shown to be minimal. For the average monthly residential customer using 400 kilowatt hours (kWh) per month in one of the over-collected vintages, the 2023 bill impact ranges from $0.15 to $1.46 per month. We reviewed the redistribution tables presented in Exhibit SDG&E-01 and find them to be reasonable. And while we admonish SDG&E for failing to address this in its 2022 ERRA Forecast application, we find that the solution SDG&E presents in this application to resolve the 2020 CAPBA

[24] Exhibit SDG&E-01 at GRM-21 to GRM-23.

balance is the correct approach. There were also no objections from the other parties.

6.7.2. 2020 ERRA Trigger Balance

The 2020 ERRA Trigger Balance was authorized in D.21-02-014 to be amortized over a period of 22 months with the amortization ending in December 2022.[25] As with the 2022 CAPBA adder, SDG&E also did not add the ERRA Trigger rates to its bundled sales forecast in its 2022 ERRA forecast proceeding. SDG&E is also requesting to address the resulting over and under-collections in this proceeding. Exhibit SDG&E-01 shows the various impacts and the redistribution impacts. As with the CAPBA distribution, the resulting bill impacts appear to be minimal with an average residential departing load customer expecting to see a monthly bill decrease of approximately $0.31.[26]

We also approve of SDG&E's proposed method and distribution of the 2020 ERRA Trigger balance in this application although we once again admonish SDG&E for failing to address this in its 2022 ERRA Forecast proceeding. Parties also have no objections to SDG&E's proposals regarding the 2020 ERRA Trigger balance.

6.8. GHG Allowance Returns

SDG&E's updated forecast for GHG Allowance Returns is $(182.973) million. Its initial forecast in its May application was $(171.456) million. By comparison, its current revenue requirement is $(191.687) million. IOUs are required by the Commission to distribute GHG allowance revenues eligible for return to customers.

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[25] D.21-02-014, OP 1.

[26] Exhibit SDG&E-01 at GRM-26 to GRM-27.

The returns are to be made to EITE entities who will receive an annual fixed on-bill credit based on Commission calculations. The EITE distribution will follow the manner prescribed in D.20-10-002 (modified by D.21-08-026).[27] The remaining allowance distributions shall be made equally to all qualifying Small Business and Residential customers via a twice-annual CCC of $60.69.

Parties do not contest SDG&E's calculations and we find that the proposed GHG Allowance Returns are supported by Table 5 of Exhibit SDG&E-12 showing SDG&E's GHG revenues[28] and Table 6 of the same exhibit which shows the breakdown of allowable returns.[29] Therefore, SDG&E's proposed GHG Allowance Returns for 2023 should be authorized.

6.9. Sales Forecast

D.22-03-003 directed SDG&E to include its 2023 Electric Sales Forecast in this application. The table below shows SDG&E's 2023 forecast and by comparison the current annual electric net sales in 2022.

Table 2. Annual Electric Net Sales (gigawatt hours)

Sector	Proposed 2023	Current Authorized 2022	Difference
Residential	5,927	5,423	504
Small Commercial	1,971	2,071	-100
Medium & Large Com./Ind.	8,773	9,135	-362
Agricultural	323	316	7
Lighting	78	80	-2
Total	**17,072**	**17,025**	**47**

[27] D.20-10-002, OP 1.

[28] Exhibit SDG&E-12 at GRM-10 to GRM-11.

[29] *Id*. at GRM-12.

According to SDG&E, the 2023 Electric Sales Forecast is based on the CEC 2021 California Demand forecast which was adopted by the CEC on January 26, 2022.[30] The CEC's forecast is derived from the CEC's data which was presented in Exhibit SDG&E-06.[31]

We reviewed SDG&E's forecast as well as the process for SDG&E's development of its forecast which is described in Exhibit SDG&E-06. The 2023 forecast uses the impacts of factors that the CEC's forecast considered such as achievable energy efficiency and achievable fuel substitution. SDG&E states that their forecast includes a decline in bundled electric sales across all customer sectors which SDG&E attributes to load departure as SDG&E expects continued migration of customers to CCA programs in 2023.

We find SDG&E's 2023 Electric Sales Forecast reasonable and adequately supported by the evidence it presented in this proceeding. Parties do not oppose SDG&E's forecast. In addition, SDG&E held an all-party workshop prior to filing this ERRA application[32] in order to review SDG&E's sales forecasting process and to obtain input from parties. Based on the above, we find that SDG&E's 2023 Electric Sales Forecast should be adopted.

6.9.1. SDG&E's Proposal to Address Delays

D.22-03-003 also directed SDG&E to coordinate with stakeholders and propose a detailed plan on how to address delays of implementing modifications to its sales forecasts such that there is enough time for the Commission to

[30] Exhibit SDG&E-06 at KES-3.

[31] *Id.* at KES-4.

[32] The workshop was held on March 7, 2022.

consider alternative sales forecast proposals and for SDG&E to be able to implement these.[33]

Aside from the meeting and conferring with stakeholders ahead of the ERRA filing as it did in this proceeding, SDG&E proposes that interested parties be required to submit any alternative system net sales forecast prior to SDG&E's filing of its ERRA proceeding in order to allow it sufficient time to consider and also potentially include these in its ERRA application.

As discussed in Section 5 of the decision, SDCP, CEA, and Cal Advocates oppose SDG&E's proposal.

After due consideration, we agree with SDCP, CEA, and Cal Advocates that SDG&E's proposal of creating an additional milestone should be rejected. We agree that most intervenors lack the information, data, and resources to create their own sales forecast for SDG&E and requiring them to do so would be unduly burdensome on their means and resources. An all-party meeting prior to SDG&E's ERRA and sales forecast filing allows parties to make early suggestions and be informed ahead of time. However, SDG&E's proposal does not address the timeframe concerning allowing the Commission sufficient time to review alternative proposals and for SDG&E to implement them. It is in this area where SDG&E should focus its proposal.

Therefore, we find that SDG&E should continue to explore ways and means to meet the directive set forth in OP 2 of D.22-03-003 and in its next ERRA filing include a different proposal that focuses on allowing the Commission sufficient time to review alternative sales forecast proposals in the proceeding and for SDG&E to implement alternative proposals.

[33] D.22-03-003, OP 2.

6.10. GTSR Rate Components

As stated in Section 3 of this decision, SDG&E's GTSR program includes two rate options, the GT rate and the ECR rate. SDG&E's request was to maintain its currently effective GTSR rates or the current $/kWh prices. However, the GT program was suspended in A.22-05-022[34] and members were disenrolled from the program. Thus, GT rates for 2023 should be $0 until further guidance is provided in A.22-05-022 or in another appropriate proceeding. The request to continue existing ECR rates in 2023, however, should be granted.

6.11. Data Disclosure Requirements

SDG&E proposes modifications to its ERRA proceeding data disclosure requirements pursuant to D.22-01-023 which directed SDG&E to modify its data disclosure requirements for consistency with SCE's and PG&E's data disclosure requirements in ERRA.[35]

SDG&E proposes to provide the following information in its ERRA Forecast proceeding workpapers and ERRA compliance reports:

(a) Confidential versions of monthly ERRA/PABA/PABA Undercollection Balancing Account activity reports;

(b) Additional detail supporting the monthly PABA reports, including subcategories for summarized line items such as utility-owned generation (UOG) costs and renewable vs. nonrenewable contract costs;

(c) Actual or accrued volumetric quantities underlying each relevant dollar figure; such categories include UOG generation, power purchases and sales, CAISO market sales, and retail customer sales;

(d) Monthly accrued volumes of Actual Sold, Retained, and Unsold Resource Adequacy capacity; and

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[34] A.22-05-022 ALJ Ruling on August 25, 2022 Suspending GT Program.

[35] D.22-01-023, OP 6.

(e) Monthly accrued volumes of Actual Sold, Retained, and Unsold RPS-eligible energy.[36]

Parties do not oppose the above modifications and we find the modifications consistent with D.22-01-023.

6.12. Other Issues

6.12.1. Request to Transfer 2023 CAPBA Balance

SDG&E requests to transfer any remaining balance in the CAPBA at the end of 2023 into the PABA and then close the CAPBA. SDCP and CEA recommend that this be done in SDG&E's next ERRA proceeding when the amounts to be transferred are clearer.

SDG&E argues that the balance in the CAPBA will be small and have little impact. However, we find that SDG&E does not present any urgency or compelling need to make this decision now. Currently, the CAPBA still has undercollection balances for the 2023 amortization of the 2020 CAPBA Trigger. It could also potentially have balances from year-end 2022 and year-end 2023 and the amounts of these balances are unknown at this time. There is also no forecast for it other than SDG&E's claim that the 2023 year-end balance is expected to be small with the term "small" having no clear interpretation. Therefore, we find it more prudent to defer ruling on this request, as suggested by SDCP and CEA, until SDG&E's 2024 ERRA proceeding when the amount of the balance would be more certain.

6.12.2. Budget Impacts of GT Programs

SDCP filed AL 010-E on October 12, 2022 to implement its DAC-GT and CSGT programs. The two programs are SDCP's own programs to help promote

[36] Application at 27-28.

the installation of renewable generation among residential customers in disadvantaged communities. The two programs were approved in D.18-06-027. SDCP and CEA request that SDG&E be directed to set aside funds for these two programs ($0.336 million and $0.295 million respectively). The two programs are to be funded from SDG&E's GHG allowance revenues and public purpose programs funds.

Based on our review, we find that directing SDG&E to set aside funds for these two programs is prudent in this case and outweighs the need to wait for approval of AL 010-E. The programs have already been approved by the Commission[37] and we find that setting aside funding for the programs will not contravene any of the implementation guidelines that the Commission may specify in its Resolution of the pending implementation advice letter. In addition, even though SDCP is requesting SDG&E to set aside these funds, remittance of the funds would still be subject to disposition of the pending advice letter in a future resolution.

Finally, if the proposed program budgets are not incorporated by SDG&E in the 2023 ERRA, it would likely result in the programs not receiving funding until SDG&E's next ERRA which would delay program launch as well as delivery of clean energy and bill relief benefits for customers that are enrolled in the programs.

6.12.3. Alleged Errors in October Update

SDCP and CEA allege that SDG&E erroneously assigns sales of RPS energy assigned to vintage 2020 to vintage 2019 in its October Update and

[37] D.18-06-027 authorizes CCAs to access GHG allowance revenues and/or public purpose funds to run the DAC-GT and CS-GT programs. (*See* D.18-06-027, OP 17.)

pointed to an inconsistency in a REC allocation value for vintage 2012 between its workpapers and PCIA workpapers.

In its Reply to the update comments, SDG&E acknowledges the error concerning the vintage 2020 RPS energy sales and will make necessary changes. SDG&E adds, however, that the error does not impact the amount of the overall PCIA indifference revenue requirement. SDG&E also clarifies that there is no inconsistency between its workpapers and PCIA workpapers by explaining that the PCIA workpapers contain further breakdown of the amount cited by SDCP and CEA.

However, this error and several other issues illustrate ongoing issues with the quality of SDG&E's ERRA forecast filings. These include issues addressed elsewhere in this decision, such as the failure of SDG&E to include its 2020 CAPBA Trigger Balance in last year's filing, an omission that is costly to ratepayers and must now be addressed along with substantial rate increases due to increased costs in 2023.

Additionally, we find that SDG&E failed to include necessary information in this filing, such as separate rate and sales forecast calculations for bundled and departed load. SDG&E has demonstrated previously that it requires a greater degree of oversight and the lack of transparency and missing detail in SDG&E's filings make it clear that improvement is still needed.[38] Other issues, such as continual turnover in staff and witnesses involved in ERRA, are also evident.

Therefore, we direct SDG&E to consult with the Commission's Energy Division to identify clarity, process, and data provision improvements. SDG&E

[38] D.22-03-003 at 18.

shall include in its next ERRA Forecast Application a section outlining these discussions and the improvements SDG&E has made.

6.12.4. SOMAH Program

The SOMAH Program was enacted by AB 693 (Eggman, 2018) and implemented with D.17-12-022 that identified the initial processes for funding the program. D.20-04-012 expanded on these directions and required each utility to include a true-up of prior year's authorized set-aside amounts and compare past set-aside amounts to those required based on actual auction allowances. D.22-09-009 amended D.17-12-022 to permit the IOUs to propose setting aside their proportionate share of SOMAH's maximum budget of $100 million if they can adequately show that the IOU's combined forecast allowance auction proceeds will equal or exceed $1 billion.

In SDG&E's Supplement to its October Update, SDG&E had an error in its supporting SOMAH Reconciliation table,[39] which we correct here:

Table 3. SOMAH Reconciliation Table

Calendar Year ERRA Forecast	Recorded GHG Allowance Revenues	Set-Aside Based on 10% of GHG Allowance Revenue or the Proportionate Amount of $100M	Actual Set-Aside	Difference (Actual Less Set-Aside Requirement)
2016	$40,779,160	$4,077,916	$0	($4,077,916)
2017	$92,539,677	$9,253,968	$0	($9,253,968)
2018	$93,727,555	$9,372,756	$10,300,000	$927,245
2019	$104,156,909	$10,415,691	$10,115,640	($300,051)
2020	$104,691,923	$10,469,192	$18,222,844	$7,753,652
2021	$161,825,842	$14,517,611	$35,975,035	$19,792,451
2022	$192,652,668	$12,015,972	$14,949,939	($2,933,967)
2023	$191,139,679	$12,015,972	$0	

[39] SDG&E Supplement to October Update at 6.

Calendar Year ERRA Forecast	Recorded GHG Allowance Revenues	Set-Aside Based on 10% of GHG Allowance Revenue or the Proportionate Amount of $100M	Actual Set-Aside	Difference (Actual Less Set-Aside Requirement)
Total	$981,513,413	$82,139,078	$89,563,458	($7,424,380)

On a separate, but related matter, in SDG&E's Prior Year (PY) 2023 Forecast Budget, there is a PY 2022 SOMAH True-up Amount of $2.934M. This value is an estimate that matches the former year. We question the usefulness of this approach instead of using the information from the table above.

However, we recognize that the SOMAH Budget balancing process is a multi-year process and without any input from parties, we find that SDG&E's proposal is acceptable at this time. We do however advise SDG&E to revisit this approach to improve transparency and limit confusion. We also remind SDG&E of the importance of calculating all clean energy program funding as accurately as possible at the time the ERRA is submitted, as these set-aside amounts are linked to available climate credit funding.

7. Comments on Proposed Decision

The proposed decision in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. In developing the schedule for the proceeding, parties stipulated to reduce the 30-day public review and comment period required by Pub. Util. Code Section 311 to seven days for opening comments and three days for reply comments.

Comments were filed on ________________, and reply comments were filed on ________________ by ________________.

8. Assignment of Proceeding

Commissioner John Reynolds is the assigned Commissioner and Rafael Lirag is the assigned ALJ in this proceeding.

Findings of Fact

1. The October Update has traditionally served to update testimony regarding the CTC MPB and PCIA benchmarks.
2. Based on a September 16, 2022 trade date, SDG&E is forecasting higher gas prices and higher power prices in 2023 compared to those used to develop the initial application.
3. SDG&E's initial forecast prepared earlier in the year was increased in the October Update because of higher-than-expected energy costs due to global market pressures such as the reduction of available power supplies compared to last year and higher gas prices.
4. SDG&E's ERRA forecast is supported by the evidence presented.
5. The forecast undercollection to the 2022 year-end balance of the ERRA balancing account is due to higher than forecast energy costs in 2022 compared to what was authorized in D.21-12-040.
6. The 2022 year-end forecast for the ERRA balancing account is reasonable and supported by the evidence presented.
7. The rule set forth in D.22-01-023 is that utilities should transfer the year-end ERRA balance to the most-recent vintage subaccount of PABA each year.
8. SDG&E did not present sufficient justification to deviate from the rule set forth in D.22-01-023 as described in Finding of Fact 7.

9. Parties generally do not oppose SDG&E's PABA forecast, PCIA forecasting costs, and the forecast for the 2022 PABA year-end balance except for issues concerning ModCAM and the vintage year of two contracts.

10. In D.15-01-051, the Commission set forth that any overprocurement in the GTSR program be applied to the RPS program.

11. The GTSR program is very small compared to the RPS and transferring overprocurement to the RPS would not result in unjust or unreasonable rates for the much larger set of ratepayers under the RPS.

12. The cost recovery rules for RPS include the PCIA mechanism wherein the general practice is to assign the vintage year when the contract was entered into and this was also the agreement reached by the PCIA Working Group for determining PCIA vintages.

13. SDCP and CEA identified a shortfall in retained RPS relative to SDG&E's 2023 annual RPS compliance.

14. The RPS shortfall may impact any of the balancing accounts that are part of ERRA depending on how SDG&E elects to address the potential shortfall.

15. There is insufficient evidence in this proceeding to show that the RPS shortfall will be a recuring issue in future ERRAs.

16. Approving the proposed accounting framework for ModCAM prior to the implementing advice letter being approved runs contrary to the advice letter review process because the ModCAM implementation proposal may include an accounting framework that is different from the one being proposed by SDCP and CEA.

17. SDG&E's methodology for forecasting CTC costs is reasonable and reasonably tracks above-market costs.

18. Parties do not challenge or object to SDG&E's requested LG and LGBA costs and we find that the LG forecast is adequately supported by the evidence presented which presents a breakdown of the different costs.

19. Spent fuel assemblies from SONGS Unit 1 have been stored since 1972 at the GE-Hitachi spent fuel storage facility and monthly payments are made by SCE who then bills SDG&E for its 20 percent ownership of SONGS Unit 1.

20. Spent fuel costs are based on the storage contract with GE-Hitachi and have been relatively flat each year with increases due to adjustments for escalation.

21. The forecast costs for TMNBC are reasonable and supported by the evidence and parties did not raise any issues with SDG&E's forecast.

22. D.21-05-030 required SDG&E to amortize the 2020 CAPBA balance over 36 months from 2021 to 2023.

23. The 2021 balance was only amortized over a 10-month period in 2021 and so 14 months needs to be amortized over the 12 months in 2023.

24. SDG&E overlooked adding the 2020 CAPBA Trigger PCIA rates for its 2022 bundled sales forecast in the November Update of the 2022 ERRA Forecast proceeding as it was required to do in that proceeding.

25. Addressing the 2022 over and under-collections regarding the 2020 CAPBA Trigger PCIA rates will have minimal bill impacts.

26. SDG&E also did not add the 2020 ERRA Trigger rates to its bundled sales forecast in its 2022 ERRA forecast proceeding and is also requesting to address the resulting over and under-collections in this proceeding.

27. The resulting bill impacts of addressing the 2020 ERRA Trigger rates in this proceeding will be minimal.

28. Parties do not contest SDG&E's calculations and the proposed GHG Allowance Returns are supported by Exhibit SDG&E-12.

29. SDG&E's 2023 Electric Sales Forecast is based on the CEC's 2021 California Demand forecast.

30. The 2023 Electric Sales Forecast uses the impacts of factors that the CEC's forecast considered such as achievable energy efficiency and achievable fuel substitution.

31. The 2023 Electric Sales Forecast includes a decline in bundled electric sales across all customer sectors which SDG&E attributes to load departure as it expects continued migration of customers to CCA programs in 2023.

32. Most intervenors lack the information, data, and resources to create their own sales forecast for SDG&E and requiring them to do so would be unduly burdensome on their means and resources.

33. SDG&E's proposal does not address the timeframe concerning allowing the Commission sufficient time to review alternative proposals and for SDG&E to implement them.

34. The GT program was suspended in A.22-05-022 and members were disenrolled from the program.

35. Parties do not oppose SDG&E's data disclosure modifications for ERRA.

36. SDG&E requests to transfer any remaining balance in the CAPBA at the end of 2023 into the PABA arguing that the expected balance will be minimal.

37. SDG&E does not present any urgency or compelling need to transfer any remaining CAPBA balance at the end of 2023 into the PABA, and the amount of the 2023 CAPBA year-end balance is unknown at this time.

38. The DAC-GT and CSGT programs have already been approved by the Commission, and setting aside funding for the programs will not contravene any

of the implementation guidelines that the Commission may specify in its Resolution of AL 010-E.

39. Remittance of the funds for the DAC-GT and CSGT programs would still be subject to disposition of the pending advice letter in a future resolution.

40. Not incorporating the proposed DAC-GT and CSGT program budgets would likely result in the programs not receiving funding until SDG&E's next ERRA which would delay program launch as well as delivery of clean energy and bill relief benefits for customers that are enrolled in the programs.

41. SDG&E's SOMAH reconciliation table in its Supplement to the October Update has an error which is corrected in Table 3 of this decision.

Conclusions of Law

1. SDG&E's 2023 ERRA forecast should be authorized.

2. SDG&E's forecast for the 2022 year-end balance in the ERRA balancing account should be authorized.

3. It is more prudent to adhere to the general rule set forth in D.22-01-023 and so the entire 2022 ERRA year-end balance should be placed in the most recent vintage subaccount of PABA, which in this case is 2022.

4. Recovering costs for the Midway Solar and Wister Solar contracts from all bundled customers, whether they are GTSR members or not, would not result in unjust or unreasonable rates.

5. It is prudent to address the 2023 RPS shortfall in this proceeding but it is reasonable to allow SDG&E to provide its own solution to the issue, provided SDG&E follows the applicable, existing PCIA valuation rules.

6. We find it more prudent in this case to wait until the advice letter concerning ModCAM is approved instead of approving or disapproving proposals or modifications regarding it.

7. SDG&E's forecast amount for CTC costs should be adopted.

8. The LG forecast for 2023 and LGBA balances for 2018, 2019, and 2020 that were presented should be authorized.

9. SONGS Unit 1 Offsite Spent Fuel Storage Costs should be authorized.

10. SDG&E's TMNBC forecast as set forth in the testimony of witness Ghianni is reasonable and should be adopted.

11. It is more appropriate to address the 2020 CAPBA balance by the end of 2023 rather than to extend the period by two or more months into 2024.

12. SDG&E's proposed solution to resolve the 2020 CAPBA balance is the correct approach.

13. SDG&E's proposed method and distribution of the 2020 ERRA Trigger balance in this application should be approved.

14. SDG&E's proposed GHG Allowance Returns for 2023 should be authorized.

15. SDG&E's 2023 Electric Sales Forecast should be adopted.

16. SDG&E's proposal of creating an additional milestone regarding its sales forecast should be rejected.

17. SDG&E should include a different proposal in its next ERRA filing that focuses on allowing the Commission sufficient time to review alternative sales forecast proposals and for SDG&E to implement them.

18. GT rates for 2023 should be $0 until further guidance is provided in A.22-05-022 or in another appropriate proceeding but the request to continue existing ECR rates in 2023 should be granted.

19. SDG&E's proposed data disclosure modifications for ERRA are consistent with D.22-01-023 and should be approved.

20. It is more prudent to defer ruling on the 2023 CAPBA year-end balance transfer until SDG&E's 2024 ERRA proceeding when the amount of the balance would be more certain.

21. Directing SDG&E to set aside funds for the DAC-GT and CSGT programs is prudent in this case and outweighs the need to wait for approval of AL 010-E.

22. Because the SOMAH Budget balancing process is a multi-year process, we find that SDG&E's proposal is acceptable at this time.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized to have a revenue requirement of $783.821 million for its 2023 Energy Resource Recovery Account (ERRA) Forecast effective January 1, 2023. Specifically, this decision adopts the following:

   a. ERRA revenue requirement of $545.009 million;

   b. 2022 ERRA year-end balance of $30.773 million;

   c. Portfolio Allocation Balancing Account (PABA) revenue requirement of $98.951 million;

   d. 2022 PABA year-end balance of $89.728 million;

   e. Competition Transition Charge revenue requirement of $10.765 million;

   f. Local Generation (LG) revenue requirement of $189.826 million;

   g. 2020 LG Balancing Account balance of $0.400 million;

   h. San Onofre Generating Station Unit 1 Offsite Spent Fuel Storage revenue requirement of $1.342 million;

   i. Confidential Tree Mortality Non-Bypassable Charge revenue requirement as specified in Exhibit SDG&E-14C; and

j. Green House Gas Allowance Revenues costs of $(182.973) million composed of Small Business and Residential California Climate Credit costs of $(182.459) million and Emissions-Intensive and Trade-Exposed costs of $(0.514) million.

2. Within 30 days of today's date, San Diego Gas & Electric Company shall file a Tier 1 advice letter with tariffs to implement the rates authorized by this decision. The tariffs shall become effective on or after the filing of the advice letter subject to review by the Commission's Energy Division.

3. San Diego Gas & Electric Company's 2023 Greenhouse Gas Allowance Return Rates are adopted.

4. San Diego Gas & Electric Company's (SDG&E) Power Charge Indifference Adjustment rates are adopted except for the following:

a. SDG&E shall assign a 2022 vintage to the entire 2022 Energy Resource Recovery Account year-end balance.

5. San Diego Gas & Electric Company's 2023 rate components for the Green Tariff Shared Renewables Program are adopted.

6. San Diego Gas & Electric Company's proposed disposition of the 2020 Power Charge Indifference Adjustment Undercollection Balancing Account and 2020 Energy Resource Recovery Account Trigger balances are adopted.

7. San Diego Gas & Electric Company's Electric Sales Forecast is adopted.

8. San Diego Gas & Electric Company's (SDG&E) proposed modifications to data disclosure requirements are adopted. SDG&E shall provide the following information in its Energy Resource Recovery Account (ERRA) Forecast proceeding workpapers and ERRA compliance reports:

(a) Confidential versions of monthly ERRA/ Portfolio Allocation Balancing Account (PABA)/PABA Undercollection Balancing Account activity reports;

(b) Additional detail supporting the monthly PABA reports, including subcategories for summarized line items such as utility-owned generation (UOG) costs and renewable vs. nonrenewable contract costs;

(c) Actual or accrued volumetric quantities underlying each relevant dollar figure; such categories include UOG generation, power purchases and sales, California Independent System Operator market sales, and retail customer sales;

(d) Monthly accrued volumes of Actual Sold, Retained, and Unsold Resource Adequacy capacity; and

(e) Monthly accrued volumes of Actual Sold, Retained, and Unsold Renewable Portfolio Standard-eligible energy.

9. San Diego Gas & Electric Company's request to transfer the 2023 year-end balance in the Power Charge Indifference Adjustment Undercollection Balancing Account to the Portfolio Allocation Balancing Account in this application is denied.

10. San Diego Gas & Electric Company's (SDG&E) proposal to address delays relating to its Electric Sales forecasts is denied. In its next Energy Resource Recovery Account Forecast application, SDG&E shall include a different proposal that focuses on allowing the Commission sufficient time to review alternative sales forecast proposals in the proceeding and for SDG&E to implement such alternative proposals.

11. The request for approval of the accounting framework for implementing cost recovery of bundled customers' share of Modified Cost Allocation Mechanism procurement costs proposed in Exhibit CCA-01C is denied.

12. San Diego Gas & Electric Company shall set aside funds and incorporate the proposed program budgets for the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs contained in Advice Letter 10-E.

13. San Diego Gas & Electric Company shall consult with the Commission's Energy Division to identify clarity, process, and data provision improvements for its next Energy Resource Recovery Account Forecast application and shall include a section in its application outlining these discussions and the improvements it has made.

14. Application 22-05-025 is closed.

This order is effective today.

Dated ______________________, at San Francisco, California.